

Rewald-advised airline still poised for takeoff?

By Greg Wiles

Plans for South Seas Airlines, a carrier that was to have its financing arranged by the now-bankrupt Bishop, Baldwin, Rewald, Dillingham & Wong, still are going forward, according to a director of the airline.

Dick Clack, director and investor in the proposed airline, said last week there are still plans to start flying to the South Pacific. Weekly cargo and passenger flights with a Boeing 707 between Honolulu and Rarotonga, Cook Islands, are proposed.

South Seas submitted an application for a certificate of public convenience and necessity to the Civil Aeronautics Board in March, detailing its plans, personnel, and financing. Among the officers listed was Sunlin "Sunny" Wong, former president of the Rewald firm. He was to serve as the airline's treasurer and as a director.

Also listed as part of the management staff was Ken Sanders, Rewald's director of

marketing and creative services, who was to serve in a similar capacity for the airline.

The bankrupt Honolulu investment counseling firm was to have helped finance the start of operations with the arranging of a letter of

credit of up to \$500,000.

Thomas Hayes, bankruptcy trustee, said there was no way the airline now could be financed through the investment firm because the assets are frozen through a court order.

He added the airline was one of the many investments Rewald officials looked into but never acted upon.

Harold McNicol, South Seas president, said since the CAB application the airline had decided to obtain financing through other sources. He said Wong had come to the airline because he was interested in development of the South Pacific, and Sanders became part of management through ties with Wong.

McNicol claimed it would be misleading to identify South Seas with the Rewald firm, and the proposed airline still has Wong as its financial adviser.

Clack said \$600,000 is needed for startup of the airline and this was to come through outside financing.

Rewald Investors Testify in Court

By Charles Memminger
Star-Bulletin Writer

Attorneys for the Securities and Exchange Commission and for the trustee of the bankrupt investment company Bishop, Baldwin, Rewald, Dillingham & Wong, went to federal court this morning seeking an order to continue the freeze on the assets of the company and its chairman, Ronald R. Rewald.

In what is expected to be a day-long hearing on two motions for injunctions, investors took the stand this morning to describe their business dealings with Rewald.

Rewald, still being held in lieu of \$10 million bail after being charged in state court last week with theft of investors' money, was not present in court.

During testimony, Lynn Viveiros said she had invested \$20,000 with the company after being told she would get a 50 percent return on her money and that her investment would be insured by the Federal Deposit Insurance Corp.

The SEC has charged Rewald with securities fraud in connection with his alleged guarantees to investors concerning federal insurance and high interest returns.

VIVEIROS SAID she did get her initial 50 percent return as promised, but then redeposited the money into a special investment account.

Rewald promised that account would return at least 20 percent interest and that similar accounts had been returning up to 27 percent, she said.

SEC attorney Anita Nagler told U.S. Judge Martin Pence she would be calling other investors to testify about their business dealings with Rewald. She said she also would call two company employees to testify that Rewald "generously" allowed employees to open investment savings accounts themselves.

Also testifying this morning was Honolulu businessman Charles Pietsch and polo player Nolan George concerning land deals they made with Rewald.

Pietsch said he sold Rewald a \$3.3 million North Shore ranch for no money down. He said Rewald paid \$10,000 a month toward the interest due and was supposed to come up with the entire purchase amount next year.

George said that as part of a lease agreement with Rewald, he allowed Rewald to buy 20 acres of state land in Waimanalo. Rewald paid George \$4,000 a month to lease the property and made \$200,000 worth of improvements to the property, he said. The eventual sale of the property would have to have been approved by the state, he said.

Rewald paid George and Pietsch with checks written on the company account, the two men testified.